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A Study on the Performance of Mangalam Dam Milk Producers Cooperative Society

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ABSTRACT

Dairying is a primary activity of the agricultural labourers and subsidiary occupation of small and marginal farmers. Dairy cooperatives help the poor people find out a better employment opportunity to fight against poverty. The present study about Performance of Mangalam Dam Milk Producers Cooperative Society reveals that in the competitive milk marketing business, a cooperative society sustains its business with profit. The society provides production enhancement services and ensures better price for the milk produced by the members. Milk producers of the village are truly farmers and earning their livelihood through agriculture and animal husbandry. Though demonetization has harmed the member farmers for a short period, it has not affected the procurement and sale of milk and other inputs. However, the society should aggressively popularize the advantages of collective effort and drive other sleeping members as active members.

Background and Justification

India lives in villages, and the villages depend on agriculture and animal husbandry. Animal husbandry is a secondary occupation for farmers

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and primary occupation for landless labourers. Dairy activities have traditionally been integral to India's rural economy. The country is the world's largest producer of dairy products and also its largest consumer. Almost its entire produce is consumed in the domestic market and the country is neither an importer nor an exporter, except in a marginal sense. India continued to be the largest milk producing nation with a milk production of 155.49 million tonnes during 2015-16 with a per capita availability of 337 grams per day. The dairy cooperatives collectively procured 15.58 million tonnes of milk registering a growth of around 12 per cent compared to 2014-15 in 2015-16. In the year 2015-16, Kerala produced 2.65 million tonnes milk and has only 200 grams of per capita availability.

In developing countries like India, the dairy cooperatives help the poor people to find out a better employment opportunity to fight against poverty. The dairy cooperatives provide a number of services to its members like purchase of good milch animal, procurement and marketing of milk and milk products, cattle feeds, provision of veterinary services, insurance etc. In order to serve the milk producers better, the cooperative societies should work for the sustainable development of the organisation in terms of profitability, diversification, and expansion etc. Continuous enquiry with respect to the functioning of different cooperative societies will bring out the strengths of such organizations for replication, and also bring out the weaknesses which may act as effective guide-points for other organisations.

Against this background, a humble attempt was made to study the performance of Mangalam Dam Milk Producers Cooperative Society Palakkad district, Kerala with the following objectives:

- (a) To evaluate the financial performance of the society.
- (b) To examine the socio-economic profile of milk producers of Mangalam Dam Milk Producers Cooperative Society.
- (c) To study the impact of demonetization on Mangalam dam milk producers cooperative society with regards to procurement and sale of milk.

Methodology

The study was conducted in Mangalam Dam Milk Producers Cooperative Society (MMPCS) in Palakkad district during the month of April 2017. The data were collected both from primary and secondary sources. Primary data were collected through a sample of 60 active members of the society with the help of a structured interview schedule, discussion with the board of directors and interview with the employees by using a checklist. Unpublished reports of the society, society's financial

statements, and audit reports were used for the purpose of the study. Secondary data were collected from research reports, published reports of NDDDB (National Dairy Development Board), NDP (National Dairy Plan), books, journals and Committee Reports etc. Secondary sources were mainly used for the review of literature and for substantiating the study results. Period of study was for 10 years from 2006-07 to 2015-16. In line with the objectives framed, the findings were also presented under three headings namely : Performance of the society, socio-economic profile of milk producers and the impact of demonetization on Mangalam dam milk producers cooperative society on procurement and sale of milk.

Performance of the Society

Vandazhy Dairy Cooperative Society was registered on 22nd December 1967 in Vandazhy Grama Panchayat and started its functioning on 27th February 1968. Since it was not functioning properly, the society was liquidated on 16th January 1990. However, on 21st May 1992 the society was revamped as Mangalam Dam Dairy Cooperative Society by adopting the Anand Model and started its operation on 8th June 1992. The first Board of Directors with 12 members and Sri Joseph Mathew as the President were elected on 9th November 1992. The society was visualized to protect the farmers so that they can earn surplus income. As on 31st March 2016 there were 570 members with a share capital of Rs. 5700 /-. The area of operation of the society was confined to the Vandazhy Grama panchayat which includes Chittady, Odukoor, Ponkandam and Mangalam Dam of Palakkad district, Kerala state.

The membership position shows an increasing trend during the study period. Though the figures related to the enrollment of members and active members shows a growth rate of 3.94 and 4.89 respectively, it may not be in proportion to population growth. However, this figure excludes pouring non-members. This phenomenon may be due to lack of active youth involvement in dairy farming. The increase in active membership is also reflected in the quantity of milk procured, which has increased to 272041 litres in the year 2015-16 from just 189288 litres in the year 2006-07 with a growth rate of 3.35 percent. The dairy cooperative society in the village has been instrumental in circulation of money to the tune of Rs. 82.47 lakhs in the year 2015-16, which is a significant indicator of rural development. The people who don't have milch animals are also getting benefit from the dairy cooperatives through the sale of milk at an affordable cost to them. The dairy cooperative society also generates income through the sale of sample milk.

The selected MMPCS sell three types of cattle feed namely Milma Feed (Kerala Cooperative Milk Marketing Federation Ltd.), Kerala Feeds

Table 1
Selected Performance Indicators of MOPCS Ltd. from 2006-07 to 2015-16

Year	Membership		Procurement of Milk			Sale of Milk			Cattle feed			Operational Results (Rs. in lakhs)	
	Members	Active Members	Quantity (in litres)	Amount (Rs. in lakhs)	Quantity (in litres)	Amount	Procurement and sale of Cattle feed (Qty in 50 Kg)	Value of Procurement (Rs. in lakhs)	Value of sales (Rs. in lakhs)	Gross Profit	Net Profit		
2006-07	353	81	189288	20.73	134346	21.88	2651	0.81	10.34	3.68	0.18		
2007-08	373	90	180084	23.11	138231	26.91	2558	10.48	10.90	3.38	0.74		
2008-09	398	97	184915	27.32	190335	31.62	2722	14.46	15.4	4.08	0.77		
2009-10	420	106	187066	29.30	195814	34.4	2266	13.61	14.4	6.05	0.07		
2010-11	428	110	185796	32.85	190735	37.88	2511	17.53	18.18	6.24	0.56		
2011-12	443	112	207968	43.48	211319	49.39	2762	21.62	22.32	7.43	2.49		
2012-13	458	124	257330	64.47	260332	72.3	2995	24.41	26.46	10.03	2.83		
2013-14	462	127	285628	82.34	287379	92.28	3385	27.03	29.28	12.03	2.48		
2014-15	525	132	255731	78.10	258052	87.43	3023	25.48	26.75	10.98	1.51		
2015-16	540	137	272041	82.47	273329	90.34	2551	24.51	26.18	12.17	2.53		
ACOR	3.04	4.89	3.35	13.38	3.15	12.45	-0.35	8.68	8.81	11.54	27.18		

(Government of Kerala) and Godrej (private company) during the study period from 2006-07 to 2015-16. The society is providing cattle feed to both the members and non-members. For members the amount is adjusted in the payment for milk which is disbursed bi-weekly. But from non-members full amount is charged at the time of purchase. A close look at the composition of sales reveals that the Milma feed has more market share.

Gross profit and net profit are the measure of profitability before and after accounting for all costs respectively. The most common way is to look at the net profits of the business to decide whether it is successful or not. It is worthwhile to mention here that the society was in profit throughout the study period.

The society with the help of Dairy Development Board of Kerala implements Dairy Farmer Welfare scheme such as cattle insurance and health insurance, pension scheme for dairy farmers. If an active farmer subscribed membership and contributed just Rs. 50/- per year for five years, upon attaining 60 years of age, then he is eligible for regular pension until his death.

Socio-economic Profile of Milk Producers of Mangalam Dam Milk Producers Cooperative Society

Here, the socio-economic profile of the milk producers of MMPCS is discussed elaborately to know their status. The study reveals that most of the respondents surveyed in MMPCS were SSLC qualified and all respondents were above 30 years old. Thus there is a need to attract youth. Gender wise classification of the respondents depicts that the number of male pouring respondents (43) is more than the female respondents (17). 50% of the respondents were depending on agriculture and animal husbandry for their livelihood. The average family size of respondents was 5.63.

The average size of land holding was 2.31 acres which clearly reflects the member farmers' dependency on agriculture as compared to other parts of Kerala. The respondents were interested in rearing high yielding varieties of Jersey and Holstein-Friesian breeds. Moreover, most of the respondents were also rearing Malabari breed of goat followed by the cross breeds of goats. The respondents derived their income mainly from agriculture and animal husbandry. The monthly income of the respondents varied between Rs. 10,000 to Rs. 90,000. The respondents between the ages of 30 to 45 earn the monthly income in between Rs. 10,000 to Rs. 30,000.

Most of the respondents were producing and measuring 0-10 litres

of milk per day. 27 respondents were getting an average of Rs. 31-32 from MMPCS. The milk price depends upon the fat and SNF content of milk measured by the respondents. 42 respondents were consuming 1 litre of milk per day for meeting their household needs. And 18 respondents were consuming 2 litres of milk a day. Majority of the farmers were using the veterinary services of MMPCS in the form of artificial insemination, check-ups, vaccination etc. Member farmers (56%) were more interested in purchasing Milma feed due to low price and high productivity. 38 % were cultivating fodder crops such as Napier and other Hybrid varieties of fodder. 50 % of respondents were having biogas unit and using its slurry for agriculture production.

All the respondents have pointed out that the increase in cost of production of milk due to high feed / fodder price is major problem faced by the dairy sector, followed by the non-availability of green fodder. Around 32 respondents have opined that the farmers were not getting fair price for the milk, while 51 were complaining against the inadequate government support in the wake of increasing price of cattle feeds.

Impact of Demonetization on Mangalam Dam Milk Producers Cooperative Society on Procurement and Sale of Milk

With a ceiling on withdrawals of Rs. 24,000 per week after demonetization, the cooperatives have found it extremely difficult to make payments to the farmers. Another major problem is access to cattle feed. Because of restricted access to cash, farmers have not been able to acquire adequate feed for their cattle. Hence, a humble attempt was made to know whether there was any significant impact on demonetization with respect to procurement and sale of milk. The data from April 2015 to March 2017 were generated and presented in the following figures.

The study revealed that the procurement and sale of milk during the demonetization period has not affected significantly compared to the previous years. However, a survey conducted among the selected 60 milk producers revealed that they had cash crunch and suffered during the period for the purchase of household items, but not for cattle feed. Out of 60 respondents, 21 (35%) opined against the move as an ineffective action plan, 28 percent opined that this mainly affects the common man, while 16% felt that this has been due to improper planning before implementation.

Unavailability of cash formed a major problem for the respondents surveyed in MMPCS. 19 respondents faced difficulty in purchasing of products and 17 have faced delay in getting salary and wage during this period. Limit for the withdrawal of cash and getting queued before ATMs for long time also caused difficulties to the respondents. Around 50 respondents

have overcome the situation by way of adjusting credit from friends and relatives

Conclusion

The study brought in sharp focus the performance of Mangalam Dam Milk Producers Cooperative Society, Palakkad district, Kerala. In the competitive milk marketing business, a cooperative society sustains its business with profit. The society provides production enhancement services and ensures better price for the milk produced by the members. Milk producers of the village are truly farmers and earning their livelihood through agriculture and animal husbandry. Though demonetization has harmed the member farmers for a short period, it has not affected the procurement and sale of milk and other inputs. However, the society should aggressively popularize the advantages of collective effort and drive other sleeping members as active members.

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